

# **KENTUCKY DEPARTMENT OF EDUCATION**

## **STAFF NOTE**

### **Action/Discussion Item:**

702 KAR 3:090, Depository bond, penal sum (Final)

### **Applicable Statute or Regulation:**

KRS 160.570

### **Action Question:**

Should the Kentucky Board of Education give final approval to 702 KAR 3:080 to reflect improved business practices?

### **History/Background:**

***Existing Policy.*** As part of a review of existing operating procedures in the Division of District Operations and Pupil Transportation, staff initiated a review of current regulations to ensure conformity with recently enacted statutory requirements and to determine if changes were needed to remain consistent with ever-improving business practices. Their review revealed that while the regulations were generally satisfactory, a number of technical amendments could be made that would conform more closely to statutory authority, improve the level of business practice occurring in the state, and make the regulations more easily understandable to users.

KRS 160.570 requires the designated depository of each local board of education to execute a bond for the faithful performance of its duties. The bond must be approved by the local board and the Commissioner of Education. KRS 160.570 also defines the nature and qualifying sureties for the bond and requires the Kentucky Board of Education to regulate the penal sum of the bond. This administrative regulation establishes standards for bonds of depository.

The regulation was reviewed at the October meeting and is now coming back for final approval. No additional changes have been made since the October review.

### **Staff Recommendation(s) and Rationale(s):**

Staff recommends final approval of the revisions to the regulation as presented. The revisions should ensure that correct statutory citations are included, as well as make the regulation more easily readable and raise the level of business practice occurring throughout the state. The revision clarifies the collateral options for the districts and

allows them better understanding of how they can decrease the penal sum thereby potentially earning the districts more revenue from the amount of interest they receive.

**Groups Consulted and Brief Summary of Responses:**

The regulation has been presented to the Finance Officials Advisory Group (FOAG) and Local Superintendents Advisory Council (LSAC). The LRC regulation review staff also reviewed the regulation and changes were made based on their advice. The LSAC advice will come to the Board via letter from that body prior to the December meeting.

**Impact on Getting to Proficiency:**

Revisions to regulations that make them easier to work with and understand will assist finance staff in local school districts to perform their jobs more efficiently, which should result in increased time, energy and resources to provide the financial support for instructional activities that support getting to proficiency by 2014.

**Contact Person:**

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**Deputy Commissioner**

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**Commissioner of Education**

**Date:**

December 2008